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Texas Housing Weakness But Why

The good, the bad and the ugly side of deportation—and how labor disruption, family pressure and affordability collide in the Texas housing market.

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The conclusion: This Deportation Edition centers on a difficult fact: enforcement does not touch only the border. It reaches construction crews, rental demand, household formation, public services, family stability and the monthly housing payment. Texas is not facing one clean housing crash. It is absorbing several shocks at once. The response must combine lawful enforcement and due process with a serious affordability and productivity agenda.

Texas housing weakness is real but the reason is not simple

A recent social post asked whether Texas is set to become the epicenter of U.S. housing weakness—and why. The latest evidence supports concern, not panic. Texas homebuilders have reported elevated speculative inventory and pressure on prices and margins. The first-time-buyer segment has been especially weak because of affordability constraints. Yet the statewide median sales price was \$340,000 in the second quarter of 2026, unchanged from a year earlier, with conditions varying widely by metro. That is a reset, not proof of a statewide collapse. Deportation is one part of the explanation, but it operates alongside interest rates, insurance, taxes, inventory and local labor conditions.^[1, 2]

Five forces, one affordability test

Force	What reaches the household
Strong dollar	Cheaper imports and harder export competition.
Protectionism	More domestic capacity, but higher prices for some inputs.
Deportation	Potential enforcement gains alongside labor, demand and family disruption.
Higher rates	A larger monthly payment and weaker purchasing power.
AI adoption	A chance to lower service costs, increase responsiveness and create new offers.

Protectionism and the strong dollar pull in opposite directions

The case for protectionism is straightforward: defend strategic industries, shorten supply chains, discourage dumping and create enough certainty for companies to build in the United States. There is evidence that targeted tariffs can increase domestic output. In its study of earlier Section 232 and Section 301 actions, the U.S. International Trade Commission found that steel tariffs reduced affected imports by 24 percent, increased U.S. steel prices by 2.4 percent and increased U.S. steel production by 1.9 percent.^[3]

That is the good side of Made in America again: capacity, resilience, jobs, skills and national security. It can be especially valuable in metals, energy, defense, semiconductors, building components and other areas where dependence on a single foreign supply chain creates real risk.

But tariffs are a tax at the border, and someone pays it. A 2026 Federal Reserve staff analysis estimated that tariffs implemented through November 2025 raised core goods PCE prices by 3.1 percent through February 2026 and added about 0.8 percentage point to overall core PCE prices. Federal Reserve reporting also found higher input prices in tariff-exposed categories such as appliances, industrial metals, computers and semiconductors.^[4, 5]

Then add the dollar. The Federal Reserve broad dollar index stood at 118.0732 on September 4, 2026, with the dollar still strong in real terms relative to its historical average. A strong dollar lowers the U.S.-dollar price of imports and attracts global capital, but it also makes American exports more expensive overseas. The Federal Reserve has long described declining exports as the main channel through which a stronger dollar restrains U.S. output.^[6, 7]

That creates a policy contradiction: tariffs try to make imports less attractive while a strong dollar makes imports more affordable. Tariffs try to protect domestic factories while the dollar makes the goods from those factories harder to sell abroad. Protection can help a chosen industry, but a permanently protected cost structure can become an excuse not to compete.

The good the bad and the ugly

The good	The bad	The ugly
Targeted enforcement can protect public safety, lawful hiring and wage floors. Strategic tariffs can build domestic capacity.	Broad tariffs lift prices. Blanket removals can shrink labor supply, weaken local demand and delay production.	Families can be separated and communities driven into fear. Policy uncertainty can freeze investment.

The short term sugar rush and the trickle down test

Protectionist policy can create a short-term burst of orders, announcements and construction. Tax relief or fiscal spending can add demand. Capital spending can flow to engineers, contractors, truckers, equipment suppliers and local restaurants. That is the practical case for trickle-down economics: investment at the top can create income and opportunity throughout a supply chain.

The test is whether the benefit reaches the household before the cost does. If demand rises while labor, steel, appliances, financing and insurance are constrained, the first result can be inflation. Higher inflation expectations can keep interest rates elevated; higher yields can support the dollar; and housing absorbs the adjustment because it is the most rate-sensitive purchase most families make. The Federal Reserve reported real GDP growth of only 1.5 percent at an annual rate in the second quarter of 2026, even as manufacturing employment improved in August. That is growth, but not enough to pretend every household is feeling a boom.^[8, 9]

The policy has to be more than a slogan. A credible Made in America program also needs stable rules, workforce training, faster permitting, domestic energy, competitive logistics and time-limited performance standards. Federal Reserve researchers warned in June that tariff-driven uncertainty can work against the goal of attracting foreign direct investment because firms delay decisions when they cannot price the rules.^[10]

The chameleon economy rewards adaptation

This is a time to create new categories of service and levels of efficiency that did not exist a few years ago. The chameleon is not decoration; it is the operating model. Observe the environment. Preserve what is essential. Change the workflow quickly. Measure the result. Then adapt again.

The early productivity evidence is meaningful but not magical. A peer-reviewed study of 5,172 customer-support agents found that access to a generative-AI assistant increased issues resolved per hour by 15 percent on average, with gains varying substantially across workers. A separate Federal Reserve survey found that workers using generative AI reported saving 5.4 percent of their work hours—about 2.2 hours in a 40-hour week—while the gain across all workers was smaller because adoption remained incomplete.^[29, 30]

That is the opportunity for companies willing to adapt and adopt. AI can compress the cost of research, content, proposals, lead response, customer support, scheduling, quoting and follow-up. But the durable advantage will not come from adding a chatbot to a broken process. It will come from redesigning the process around better data, clear accountability, human judgment and measurable customer outcomes.

Who is innovating now?

Vertical SaaS and B2B agencies. HighLevel is explicitly helping agencies package AI agents, reputation management and lead nurturing as scalable SaaS offers. That model matters: a digital agency serving real estate, home services or nearly any local industry can move beyond selling leads and operate an always-on system for calls, appointments, CRM, reviews, content and follow-up.^[32]

The skilled trades. ServiceTitan reported that 38 percent of surveyed commercial contractors saw measurable business impact from AI in 2026, up from 17 percent in 2025. The winning applications are practical—booking, dispatch, estimates, job costing, customer communication and the conversion of missed calls into scheduled work.^[31]

Real estate. Zillow launched a conversational AI experience that can answer affordability questions, refine home searches, schedule tours and connect consumers with professionals. That signals where consumer behavior is heading: fewer disconnected search boxes, more guided decisions that move from question to action.^[33]

Construction. Procore is embedding AI coworkers that can handle searches, submittals, requests for information, daily logs and contract-review workflows. Alex Pros is pursuing the same productivity thesis at the physical layer through SIPs, modern steel with continuous foam and engineered helical foundations where appropriate.^[34]

Follow the adaptation thesis: [El Camaleón](#) | [AI Empire Product Catalog](#)

The next agency model is a productized service

The most durable B2B opportunity is not “AI for everybody.” It is one expensive problem for one specific industry: the missed call that never becomes an appointment, the stale lead that never receives a second response, the estimate that takes three days, the property inquiry that arrives after hours or the review request nobody sends.

Build the workflow once, configure it for each client and sell the outcome as a managed subscription. That combines SaaS margins with agency knowledge. In real estate it may be listing intake, buyer qualification, showing coordination and long-term nurture. In home services it may be call handling, dispatch, quoting and review generation. The same architecture can serve legal, medical, hospitality, automotive and other industries when privacy, licensing and sector rules are respected.

The new efficiency bargain should be explicit: automation handles speed, repetition and recall; people handle trust, exceptions, negotiation and responsibility. Operators who document that handoff can grow without letting quality collapse. That is how AI becomes a productivity system rather than another software expense.

Deportation through three different lenses

The good

A country has a right and responsibility to control its border, enforce final orders, prioritize dangerous offenders and prevent an underground labor market from becoming a permanent business model. Employers should not be able to underpay people because they are afraid to report wage theft or unsafe conditions. A lawful system can protect national security, restore public confidence and strengthen the bargaining position of workers who play by the rules.

There is also a real local fiscal argument. The Congressional Budget Office estimated that the 2021-2026 immigration surge increased state and local revenues by \$10.1 billion in 2023 but increased direct spending by \$19.3 billion, producing a \$9.2 billion net cost. The largest increases were education, shelter and related services, and border security. Those costs are not imaginary, especially when concentrated in a few cities or school districts.^[11]

The bad

A broad removal campaign does not remove only demand for housing and services; it also removes workers, customers, tenants, taxpayers and parents. Foreign-born workers accounted for 19.1 percent of the U.S. civilian labor force in 2025 and were more concentrated than native-born workers in natural resources, construction and maintenance occupations. Foreign-born does not mean undocumented, but the data show why sudden labor contraction can hit job sites and food supply chains quickly.^[12]

Agriculture is even more exposed. U.S. Department of Agriculture data indicate that roughly 40 percent of hired crop farmworkers in recent years lacked legal work authorization. A sudden reduction in that workforce does not automatically create an equal number of willing and trained replacements in the same places at the same wage. It can mean fewer crops harvested, higher prices, more automation, more H-2A recruitment or production moving elsewhere.^[13]

The ugly

The ugly side is what happens when enforcement loses proportionality and due process: children separated from parents, established families living in fear, people avoiding clinics or police, and communities treating ethnicity or Spanish speech as evidence of status. Dallas Federal Reserve contacts have reported migrant workers afraid to show up for work and community leaders saying some people were afraid to seek assistance because of immigration enforcement.^[14]

Two things can be true at once: uncontrolled immigration can strain local systems, and indiscriminate deportation can damage families and the economy. A serious country should be able to enforce the law while expanding workable legal labor channels, improving case processing, punishing exploitative employers and protecting due process.

Why people leave Mexico

It is too broad to say that nobody can make it in Mexico. Millions do. But it is equally dishonest to ignore the wage math. Mexico set its 2026 general minimum wage at 315.04 pesos per day and the northern border-zone minimum at 440.87 pesos. At the September 9 exchange rate of about 16.8947 pesos per U.S. dollar, that is roughly \$18.65 per day nationally and \$26.10 in the border zone before household realities, unpaid days or informal work are considered.^[15, 16]

The pressure goes deeper than the statutory minimum. Mexico's official statistics agency reported a labor-informality rate of 55.2 percent in May 2026. Informal work can mean unstable hours, limited benefits, weak enforcement and income that does not follow the official wage table. That does not justify illegal entry, but it explains why the pull of a U.S. paycheck can overwhelm the fear of the journey.^[17]

The point about childbirth and poverty must be stated carefully. The defensible truth is not a literal claim that a family that cannot pay simply does not keep its baby. The truth is that poverty can push prenatal care, safe delivery, nutrition, housing and family stability beyond reach. When we talk about borders, we are also talking about parents making decisions under pressure that most comfortable households never face.

Health care Social Security and taxation require an honest ledger

The public debate often counts only one side of the ledger. Under federal Medicaid rules, undocumented immigrants generally are not eligible for federally funded full-benefit Medicaid; federal payment is limited to qualifying emergency services. Hospitals and local systems still face real uncompensated-care pressures, but the claim that undocumented adults broadly receive ordinary federal Medicaid is wrong.^[18]

On Social Security, a dated but important Office of the Chief Actuary estimate found that unauthorized immigrants contributed as much as \$13 billion in payroll taxes in 2010 while receiving about \$1 billion in benefits. That is not a current 2026 estimate and should not be treated as one. It does establish that some workers pay into systems from which they receive little or nothing.^[19]

The broader federal calculation is also different from the local calculation. CBO projected that the 2021-2026 immigration surge would lower federal deficits by about \$0.9 trillion over 2024-2034 because additional tax revenue outweighed added federal spending and interest. But CBO's surge population is not synonymous with the undocumented population, and its federal result does not erase the near-term state and local costs described above.^[20]

That is the honest ledger: federal revenue gains, state and local service costs, payroll taxes paid by people who may never qualify for benefits, emergency-care obligations, labor supply, consumer demand and human consequences. Anybody presenting only one column is selling a position, not measuring a system.

Housing whiplash is the bill coming due

In the first half of 2021, the average 30-year mortgage rate was about 2.9 percent. On September 3, 2026, Freddie Mac reported 6.71 percent. On a \$300,000 30-year fixed loan, principal and interest rise from roughly \$1,249 per month at 2.9 percent to about \$1,937 at 6.71 percent, an increase near \$688 before taxes, insurance, mortgage insurance, association dues, utilities or repairs.^[21]

That is the housing-market whiplash: ultra-low rates pulled demand forward and lifted prices; rising rates then crushed purchasing power without instantly lowering the price of land, labor or materials. Owners with cheap mortgages became rate-locked. Builders used incentives and rate buydowns. Buyers moved farther out, bought smaller homes, delayed decisions or stayed renters.

The race to find affordable homes is more important now than ever because affordability is not the list price. It is the complete monthly payment. The Consumer Financial Protection Bureau reminds buyers to include principal, interest, property taxes, homeowners insurance, mortgage insurance, flood or wind coverage, association dues, maintenance and utilities.^[22]

Affordability is king and demand is changing shape

High payments do not erase the desire for a home. They redirect it. In May 2026, 46.2 percent of U.S. home sales included a seller concession; Houston reached 57.8 percent. In June, the national median monthly mortgage payment hit \$2,647, the highest level in a year. Builders have answered with incentives, price cuts and smaller designs. The market is telling every seller the same thing: solve the payment or lose the buyer.^[35, 36, 37]

Pressure	Likely buyer behavior	Winning response
Rate shock	Buy smaller, move farther out, delay or remain a renter.	Buydowns, concessions, right-sized homes and transparent all-in payments.
Taxes and insurance	Shop the recurring cost before falling in love with the house.	Early insurance quotes, efficient envelopes and realistic tax estimates.
Credit or income friction	Seek flexible terms and alternatives to a standard mortgage.	Properly underwritten, documented and serviced seller financing.
Digital expectations	Ask specific questions and expect immediate, personalized answers.	AI-assisted search and follow-up with licensed human expertise at decision points.

Seller financing is a tool—not a magic statistic

The claim that seller financing is up 340 percent could not be matched to a transparent national dataset. The best available national estimate cited by HousingWire counted 89,890 seller-financed transactions in 2024—only slightly more than in 2023—with \$30.3 billion in volume, up 8 percent. Texas accounted for 25.1 percent of the reported transactions. The real story is not a 340 percent national surge; it is that seller financing is becoming more relevant wherever conventional payments no longer clear the market.^[38]

For local inventory and transaction experience, readers can review EZ Owner Finance in Southeast Texas and contact Michael Alexander about available homes and possible structures. Alexander estimates that he has participated in more than 300 owner-finance transactions. He reports serving Greater Houston and Southeast Texas since 2013, offering remodeled and new-construction homes generally ranging from \$73,000 to \$250,000. Those operating figures are self-reported and are not presented as an independent audit.^[40, 41]

Local owner-finance resource: [EZ Owner Finance on Facebook](#)

Seller financing is not a shortcut around consumer-protection law, ability-to-repay analysis, disclosures or safe servicing. Federal Regulation Z contains requirements and limited exemptions for certain seller-financed dwelling transactions. Buyers and sellers should use qualified mortgage, legal, title and servicing professionals and should compare the complete payment, balloon risk, lien position and exit plan before signing.^[39]

Fight the costs you can fight

Mortgage rates and property taxes cannot always be negotiated away, but insurance is one line item households can actively shop. Texas homeowners saw average statewide filed rate changes of 21.1 percent in 2023, 18.7 percent in 2024 and 4.3 percent in 2025. The Texas Department of Insurance recommends shopping regularly, comparing policies and complaint records, asking about discounts and not canceling existing coverage until replacement coverage is confirmed.^[23, 24]

That is where Best Quote AI fits. It helps homeowners and drivers organize insurance choices in plain English and compare the price, deductible, exclusions and coverage structure instead of blindly renewing. A comparison tool cannot promise savings or replace a licensed agent or insurer, but disciplined shopping can uncover better-fit options. [Open Best Quote AI through the AI Empire Product Catalog.](#)

Build affordability into the house

The other answer is construction innovation. Alex Pros Home & Pool is developing Texas new-construction strategies around structural insulated panels, modern steel framing paired with continuous exterior foam and engineered helical foundations where site conditions support them. The purpose is not novelty. It is to reduce wasted field labor, shorten dry-in time, control the building envelope and attack lifetime operating cost.

The U.S. Department of Energy describes SIPs as prefabricated structural elements with insulation between structural facings. Properly installed SIPs can create a tighter, quieter and more energy-efficient home. DOE and Pacific Northwest National Laboratory guidance also emphasizes continuous exterior insulation to reduce thermal bridging, which is especially important with conductive steel framing.^[25, 26]

Helical piles are not the answer for every lot, and no foundation system should be selected without geotechnical and structural review. But HUD has highlighted housing projects where helical piles reduced or eliminated concrete and where off-site prefabrication shortened schedules and expanded production capacity. The lesson is practical: match the system to the soil, wind, flood, moisture, code and labor conditions rather than repeating yesterday's assembly by habit.^[27, 28]

Related field guides: [SIPs and high-performance envelopes](#) | [Continuous insulation for metal framing](#) | [Alex Pros Home & Pool](#)

The Tall Texan position

Made in America again can be a durable strategy only if America can make things competitively. A tariff may buy time. It cannot substitute for productivity. A strong dollar may signal confidence. It can also punish exporters. Immigration enforcement may restore order. If it ignores labor reality and due process, it can raise costs and fracture families. Low taxes may encourage investment. If the gains arrive after housing, insurance and health costs have already outrun wages, working households will not call the policy a success.

Texas is not doomed. It is being tested. The winning response is not to deny the pressure but to engineer around it: build smaller and smarter, compare insurance, modernize construction, protect lawful labor standards, expand legal workforce channels, accelerate permits and put real operating tools in the hands of households and entrepreneurs.

That is the purpose of our ecosystem. The Tall Texan handles the hard conversation. El Camaleón studies adaptation and emerging opportunity. Best Quote AI helps attack insurance costs. Alex Pros turns building science into houses and projects. Real Deals hunts for overlooked housing opportunities. The broader AI Empire Product Catalog connects the tools so readers can move from a headline to an action.

Explore the ecosystem

[The Tall Texan](#) | [El Camaleón](#) | [Alex Pros Home & Pool](#) | [AI Empire Product Catalog](#)

Editorial note

This specialty edition is commentary informed by public data available through September 9, 2026. It is not legal, tax, investment, lending or insurance advice. Insurance availability, pricing and coverage depend on underwriting and policy terms. Construction systems require licensed design, local code review and site-specific engineering.

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